

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:

**ECO-PRESERVATION SERVICES, L.L.C.,
SERMA HOLDINGS, LLC, and
JOHN MICHAEL WHITE,
Debtors.**

**CHAPTER 11 BANKRUPTCY
CASE NO.: 22-02429 DSC11
JOINTLY ADMINISTERED**

**BRIAN WALDING AS CHAPTER 11
TRUSTEE OF THE BANKRUPTCY
ESTATES**

Plaintiffs.

v.

**ADVERSARY PROCEEDING
AP NO.:**

**KNOBLOCH, INC.,
TANNEHILL SEWER, LLC,
MARY PAULA WHITE,
HENRY H. TYLER,
CURTIS WHITE DEVELOPMENT, CO., LLC
SERMA FUNDING, LLC, *and*
BEN J. SCHILLACI, individually and as Trustee
Of the ETDNRE TRUST**

Defendants.

COMPLAINT

COMES NOW, the Plaintiff, Brian Walding, as Chapter 11 Trustee of the Bankruptcy Estates of ECO- Preservation Services, LLC (“ECO”), Serma Holdings, LLC (“Holdings” and “Debtor Defendant”), and J. Michael White (“White”); and collectively with ECO and Holdings, the “Debtor Entities”), by and through undersigned counsel, files this complaint against Defendants Knobloch, Inc., Tannehill Sewer, LLC, Mary Paula White, Henry H. Tyler, Curtis

White Development Co., L.L.C., SERMA Funding, LLC and Ben J. Schillaci, individually and as Trustee of the ETDNRE Trust, and complains as follows:

PARTIES

1. Brian Walding is the duly appointed Chapter 11 Trustee (“Plaintiff” or “Trustee”) of the Bankruptcy Estates of ECO, Holdings, and White.

2. Debtor ECO is a limited liability company organized under the laws of Alabama, with its principal place of business in Jefferson County, Alabama.

3. Debtor Holdings is a limited liability company organized under the laws of Alabama, with its principal place of business in Jefferson County, Alabama.

4. Debtor White is an individual over the age of 19 residing in Jefferson County, Alabama.

5. Defendant Knobloch, Inc., (“Knobloch”) is a domestic corporation doing business in Alabama, chartered, organized, formed, and existing under the laws of Alabama, with a principal place of business in Alabama, and a registered office address of 1509 9th St., Leeds, AL 35094.

6. Defendant Tannehill Sewer, LLC (“TS”) is a domestic limited liability company doing business in Alabama, chartered, organized, formed, and existing under the laws of Alabama, with a principal place of business in Alabama, and a registered office address of 1509 9th St., Leeds, AL 35094.

7. Defendant Mary Paula White is a resident and citizen of Jefferson County, Alabama and is over the age of nineteen (19) years.

8. Defendant Henry H. Tyler is a resident and citizen of Jefferson County, Alabama and is over the age of nineteen (19) years.

9. Defendant Curtis White Development Co., L.L.C. (“CWD”) is a domestic limited liability company doing business in Alabama, chartered, organized, formed, and existing under the

laws of Alabama, with a principal place of business in Alabama, and a registered office address of 824 Parkway Dr., Leeds, AL 35094.

10. Defendant SERMA Funding, LLC (“SFD”) is a domestic limited liability company doing business in Alabama, chartered, organized, formed, and existing under the laws of Alabama, with a principal place of business in Alabama, and a registered office address of 1505 9th Street, Leeds, AL 35094.

11. Defendant Ben J. Schillaci, individually and as Trustee of the ETDNRE Trust, (“Schillaci”) is a resident and citizen of Jefferson County, Alabama and is over the age of nineteen (19) years. At all times relevant hereto, Schillaci was the Trustee of the ETDNRE Trust.

JURISDICTION AND VENUE

12. This is an adversary proceeding pursuant to 11 U.S.C. § 544 and § 548 and applicable bankruptcy and non-bankruptcy federal and state law, to return fraudulently conveyed assets from bankruptcy estates of Debtors (the “Bankruptcy Estate”).

13. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 157(b) and 1334.

14. This adversary proceeding is a core proceeding as defined by 28 U.S.C. § 157(b)(2)(A), (E), and (O).

15. Venue for this adversary proceeding is proper in this district pursuant to 28 U.S.C. § 1409(a).

FACTS

I. The Underlying Civil Cases & Appellate History

16. On August 30, 2021, a jury trial commenced on the underlying action in the United States District Court for the Northern District of Alabama, Western Division, (Case No. 7:17-cv-01533-LSC, 7:17-cv-01534-LSC, and 7:17-cv-01535-LSC), wherein the Judgment Creditors sued Eco-Preservation Services, LLC, SERMA Holdings, LLC, J. Michael White, and Bama Management, LLC (formerly Builder1.com, LLC) (the “Whites”) for certain torts related to the operating of a private sewer system located in Lake View, AL. These underlying lawsuits were commenced on September 11, 2017.

17. On September 3, 2021, a jury returned verdicts in favor of the Judgment Creditors and against the Whites, and a final order on said verdicts was entered on September 9, 2021, by the Honorable District Court Judge Scott Coogler.

18. The damages awarded to the Judgment Creditors and against the Whites totaled in excess of \$4.7 million.

19. Ultimately, the Whites appealed the verdict and decisions of the District Court to the United States Circuit Court of Appeals for the Eleventh Circuit (Case No. 22-12913-A, 22-12915-A, and 22-12916-A), and, on June 20, 2024, the Eleventh Circuit affirmed the verdict and decisions of the District Court, except that the Eleventh Circuit directed the District Court to apply Ala. Code § 6-11-21(a) to determine the cap of punitive damages.

20. The total damages awarded to the Judgment Creditors, collectively, and against the Whites after this remittitur, was in excess of \$4.5 million.

21. Additionally certain of the Judgment Creditors have been awarded attorney fees in the amounts of \$376,469.75 and \$358,222.25, respectively.

22. Also, the Judgment Creditors have been awarded costs for the underlying action.

23. After the appeal to the Eleventh Circuit, the White Parties further appealed the underlying matter and filed a petition for writ of certiorari in the Supreme Court of the United States. Said petition was denied on February 25, 2025 (Case No. 24-506).

II. The Bankruptcy Proceedings

24. On October 5, 2022 (the “Petition Date”), ECO, Holdings, and White each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

25. Debtors’ bankruptcy cases have been procedurally consolidated for joint administration.

26. On December 4, 2024, the Court entered an order granting certain creditors’ motions for the appointment of a chapter 11 trustee for the Debtors’ estates.

27. The Court subsequently appointed Brian Walding as the Chapter 11 Trustee for each of the Debtors’ Estates.

III. Interconnected Web of Entities

28. The Defendants herein and the Debtors, collectively, are involved in running a private sewer system in Lake View, Alabama and surrounding areas. This system consists of the collection system, treatment plant, and discharge pipeline. Each of these parts of the system are owned by separate entities but are indiscriminately the same.

29. At all times relevant hereto, the members of Eco-Preservation Services, LLC (“ECO”) were SERMA Holdings, LLC (“Serma”) (45% interest), Defendant Tyler (40% interest), and Defendant CWD (15% interest).

30. ECO operates and maintains a private sewer treatment plant located in Tuscaloosa County, Alabama that services Lake View, Alabama and surrounding areas.

31. Serma is the managing member of ECO.

32. At all times relevant hereto, the members of SERMA Holdings, LLC (“Serma”) were J. Michael White (50% interest) and Defendant Mary Paula White (50% interest).

33. J. Michael White is the managing member of Serma.

34. Serma is an asset and real estate holding company for the most part. Serma previously owned the sewer collection system (from the residences to treatment plant) in Lake View, Alabama and surrounding areas. This collection system is now owned by TS and was fraudulently transferred by Serma.

35. As of January 1, 2020, Tannehill Sewer, LLC (“TS”) is a wholly owned subsidiary of Knobloch, Inc. (“Knobloch”).

36. TS currently owns the collection system, as well as the real property upon which ECO’s treatment plant sits. TS currently leases these properties to ECO.

37. Prior to January 1, 2020, TS was a wholly owned subsidiary of Serma and was managed by Serma. Serma fraudulently transferred its interest in TS to Knobloch.

38. TS is currently managed by Mary Paula White. Prior to May 15, 2023, TS was managed by J. Michael White.

39. From 1991 to April 1, 2020, J. Michael White and Mary Paula White jointly owned 100% of the shares of Knobloch.

40. Knobloch owns the discharge pipeline (from treatment plant to discharge site) and a permit for discharge into a nearby creek.

41. On April 1, 2020, the jointly owned stock was separated where J. Michael White retained 25% of the stock and Mary Paula White retained 75% of the stock.

42. Prior to May 15, 2023, J. Michael White and Mary Paula White were the sole directors of Knobloch, J. Michael White served as an officer in the capacity of President of Knobloch. Mary

Paula White served as an officer in the capacity of Secretary and Treasurer of Knobloch. J. Michael White also served as manager of TS during this time.

43. On May 15, 2023, J. Michael White was removed as an officer and director of Knobloch. Mary Paula White was elected as the President, Vice President, Secretary, and Treasurer of Knobloch, as well as the manager of TS.

44. SFD is wholly owned and managed by Serma and provides financing to the Judgment Debtors.

45. While ECO does not own the discharge pipeline or collection system, ECO pays for the operation and maintenance of the discharge pipeline and collection system, as well as its treatment plant.

IV. Fraudulent/Voidable Transactions

46. Prior to August 17, 2019, Serma owned and possessed real estate and sewer assets related to a sewer collection system located in Tuscaloosa and Jefferson County, near the City of Lake View, Alabama and surrounding areas.

47. On August 17, 2019, Serma fraudulently transferred and conveyed all of its interests in this real estate and sewer assets to TS.

48. Also, on August 17, 2019, Serma fraudulently assigned, transferred, and conveyed all of its rights under the Franchise Agreement and Purchase Agreement extended by Lake View and the GUSC.

49. Prior to December 26, 2019, ECO leased real property from Defendant Tyler. A written lease agreement was entered into between ECO and Tyler which provided ECO an option to purchase the real property for \$75,000.00 without further conditions.

50. On December 26, 2019, this leased real property was fraudulently conveyed to TS for \$75,000, and ECO did not act upon its option to purchase said real property. ECO had enough

capital to exercise its option to sell at the time and should have exercised the option. Instead, J. Michael White acted for both ECO in failing to exercise its option to purchase the real property and for TS to purchase said real property for the same option price extended to ECO.

51. Prior to January 1, 2020, Serma wholly owned TS.

52. On January 1, 2020, Serma fraudulently transferred its interest in TS to Knobloch. As a result of this transaction, Knobloch owned 100% of TS.

53. Prior to April 1, 2020, J. Michael White and Mary Paula White jointly owned 1000 shares of Knobloch, which represented 100% of the stock.

54. On April 1, 2020, the jointly owned stock was separated where J. Michael White retained 250 shares (25%) and Mary Paula White retained 750 shares (75%).

55. On September 24, 2021, Mary Paula White and J. Michael White fraudulently transferred, from their joint account, the sum of \$1 million dollars and zero cents (\$1,000,000.00) to Mary Paula White. Said funds were deposited into the personal account of Mary Paula White.

56. In September of 2023, Mary Paula White created the ETDNRE Trust and appointed Schillaci as Trustee.

57. On September 20, 2023, Schillaci, as Trustee of the ETDNRE Trust, purchased and was deeded a property located in Jefferson County, Alabama for \$1.235 million dollars, which was solely funded, in cash, by Mary Paula White from her personal account.

58. On October 14, 2021, J. Michael White and Mary Paula White fraudulently transferred, from their joint account, the sum of two hundred forty thousand, eight hundred dollars, and zero cents (\$240,800.00) to Serma Funding, LLC ("SFD").

59. On October 14, 2021, Serma fraudulently transferred the sum of two hundred eighty-six thousand, two hundred sixty-nine dollars, and thirty-six cents (\$286,269.36) to Knobloch.

60. On October 14, 2021, Serma fraudulently transferred the sum of three hundred five thousand dollars and zero cents (\$305,000.00) to TS.

61. Between December 21, 2019 and March 31, 2022, ECO fraudulently transferred the total sum of one million, three hundred thousand dollars, and zero cents (\$1,300,000.00) to Knobloch.

62. Beginning in 2019 and continuing to date, ECO also fraudulently pays TS and Knobloch a combined total of approximately, and at the very least, \$57,423 per month under various fraudulent agreements and transfers that were negotiated all by the Whites on both sides of the transaction to divert funds from ECO and devalue ECO.

63. Since 2019 and continuing to date, ECO has also been fraudulently paying SFD over \$8,900 per month under a fraudulent promissory note that was negotiated all by the Whites on both sides of the transaction to divert funds from ECO and devalue ECO.

64. Since 2019 and continuing to date, Serma has also been fraudulently paying SFD approximately \$450 per month under a fraudulent promissory note that was negotiated by the Whites on both sides of the transaction to divert funds from Serma and devalue Serma.

65. In addition, between 2019 and the present, ECO and Serma have fraudulently transferred money to their members, including Defendants Tyler and CWD, in the form of distributions, which is not ordinarily done in ECO's regular course of business, to further devalue the company.

66. Each of these fraudulent and voidable transfers were made with actual intent to hinder, delay, or defraud the Bankruptcy Estates.

67. These voidable transfers were made to insiders, and the Defendants retained possession or control of the property even after the transfer, these transfers were concealed. These

transfers consisted substantially of the Debtors' assets, the Debtors removed or concealed assets, the Debtors did not receive any consideration that was reasonably equivalent to the value of the transferred asset, the Debtors became insolvent shortly after these transfers were made, and many of these transfers occurred shortly after a substantial debt was incurred.

68. These voidable transfers were made without the Debtors receiving a reasonably equivalent value in exchange for the transfers, and the Debtors were engaged in a business for which the remaining assets of the Debtors were unreasonably small in nature, and/or the Debtors intended to incur, or believed or reasonably should have believed that he or she would incur, debts beyond its ability to pay as they became due.

COUNT I
FRAUDULENT/VOIDABLE TRANSFERS UNDER ALABAMA STATE LAW AND
BANKRUPTCY CODE §544

69. The Plaintiff adopt and incorporate by reference the allegations and facts set forth in the preceding paragraphs 1-68 of this Complaint, as if set forth herein in their entirety.

70. As stated herein, the Defendants are in possession, control, or hold title in the fraudulently and voidable transferred properties, interests, and/or assets of the Debtors.

71. These voidable transfers were made with actual intent to hinder, delay, or defraud the Bankruptcy Estate.

WHEREFORE, the premises considered, the Plaintiff demands judgment against the Defendants, jointly and/or severally; and judgment avoiding the transfers or any other relief as the circumstances may require; compensatory damages, punitive damages, attorney's fees, costs, and any other further or additional relief as may be deemed just and proper.

COUNT II
BANKRUPTCY FRAUDULENT TRANSFER PURSUANT TO BANKRUPTCY CODE
SECTION §548

72. The Plaintiff adopts and incorporates by reference the allegations and facts set forth in the preceding paragraphs 1-68 of this Complaint, as if set forth herein in their entirety.

73. Some of the acts the Defendants are recoverable transfers under section §548 of the Bankruptcy Code.

74. As a direct and proximate cause of the Defendants' actions, the Bankruptcy Estate has suffered significant and severe harm and damages.

WHEREFORE, the premises considered, the Plaintiff demand judgment against the Defendants, jointly and severally, for compensatory damages, including, but not limited to, mental anguish and emotional damages, property damages, repair costs, loss of use, and loss of property value, punitive damages, reasonable costs, expenses, and attorney's fees, and such other and further relief as this court may deem just and proper.

Respectfully submitted this 15th day of August, 2025.

/s/ R. Scott Williams
R. Scott Williams
Peter John Tepley
Frederick D. Clarke, III
Attorneys for Plaintiff

OF COUNSEL:

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CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that I have on the above stated date, served a copy of the foregoing upon the following via private process server, and/or by U.S.P.S. certified mail, return service requested, with adequate postage prepaid, and/or electronic mail, and/or regular mail, and/or hand delivered, and/or by filing a copy of the foregoing using by filing a copy of the foregoing with the Clerk of Court using the CM/ECF system which will provide notice to the following CM/ECF participants:

Knobloch, Inc.

c/o J. Michael White, Registered Agent
1509 9th St.
Leeds, AL 35094

Tannehill Sewer, LLC

c/o SERMA Holdings, LLC, Registered Agent
1505 9th St.
Leeds, AL 35094

Mary Paula White

7702 Deer Trail
Trussville, AL 35173

Henry H. Tyler

1808 10th Ave N
Bessemer, AL 35020

Curtis White Development Co., L.L.C.

c/o Joseph C. White, Registered Agent
824 Parkway Dr
Leeds, AL 35094

SERMA Funding, LLC

c/o SERMA Holdings, LLC, Registered Agent
1505 9th St.
Leeds, AL 35094

**Ben J. Schillaci, individual and as Trustee of
the ETDNRE Trust**

3700 Colonnade Pkwy
Ste 300
Birmingham, AL 35243

/s/ R. Scott Williams

Of Counsel